

## Message Text

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60

ORIGIN EB-11

INFO OCT-01 ARA-16 ADP-00 SS-15 L-03 NSC-10 CIAE-00 INR-10

NSAE-00 PA-03 RSC-01 USIA-15 PRS-01 STR-08 CIEP-02

OMB-01 CEA-02 COME-00 TRSE-00 JUSE-00 INT-08 TAR-02

SIL-01 LAB-06 /116 R

DRAFTED BY EB/OT/GCP:SBWATKINS:EB/ISM:FWMAERKLE:TH

6/20/73 EXT. 21217

APPROVED BY EB/OT/GCP:ROPRICKETT

COMMERCE: HBASHKIN

L/E: DBURNS

ARA/MEX: RKING

JUSTICE: WFUGATE

INTERIOR: JBABEY:JPRYAN

TREASURY:RSELF

EB/ISM:JCCURRAN

STR:BSTEINBOCK

----- 002712

R 031900Z AUG 73

FM SECSTATE WASHDC

TO AMEMBASSY MEXICO

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E.O. 11652: N/A

TAGS: ETRD, EMIN, MX

SUBJECT: LEAD LITHARGE EXPORTS TO US

1. AMBASSADOR DE OLLOQUI HAS REQUESTED US RESPONSE TO MEXICAN DESIRE TO INCREASE LITHARGE SHIPMENTS EXPRESSED DURING MARCH TRADE TALKS. FOR EMBASSY'S INFORMATION, WE PLAN TO RESPOND ALONG FOLLOWING LINES.

2. REGULATING THE VOLUME OF MEXICAN SHIPMENTS IS ESSENTIALLY MEXICAN ENDEAVOR; US MAINTAINS NO QUOTAS OR LIMITED OFFICIAL USE

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OTHER RESTRICTIONS ON IMPORTS OF LITHARGE AT PRESENT.

AT THE REQUEST OF THE GOM, WE HAVE CONSULTED WITH US INDUSTRY ON THE MARKET OUTLOOK SITUATION (SEE PARA 3). REGARDING INCREASED IMPORTS FROM MEXICO, WE ARE NOT ABLE TO PROVIDE ASSURANCES ON WHAT US INDUSTRY REACTION MIGHT BE, ALTHOUGH IT IS PREDICTABLE THAT THE INDUSTRY WILL NOT WELCOME ADDITIONAL COMPETITION. SIMILARLY, USG HAS NO WAY OF PROVIDING ADVANCE INFORMATION ABOUT INTENT OF US FIRM(S) TO BRING COUNTERVAILING DUTY COMPLAINTS BASED ON MEXICAN TAX REBATES OR OTHER ACTION UNDER VARYING CIRCUMSTANCES. (FYI GOM MAY BE UNDER IMPRESSION THAT AN ARRANGEMENT OR QUOTA WAS AGREED ON AT INFORMAL TALKS BETWEEN MEXICO AND US GOVERNMENT PERSONNEL IN MID-SIXTIES. HOWEVER, THESE TALKS SHOULD HAVE BEEN CONSIDERED INFORMATIONAL AND EXPLORATORY ONLY, AND SHOULD NOT BE INTERPRETED AS INDICATING ANY INTERGOVERNMENTAL AGREEMENT ON RESTRAINING THE VOLUME OF LITHARGE TRADE.) END FYI.

3. STRUCTURE OF LITHARGE INDUSTRY REVEALS THAT IMPORTS HAVE UNEVEN IMPACT. WHILE LITHARGE USE IN AUTOMOBILE TYPE BATTERIES HAS GROWN, MOST IS MANUFACTURED BY BATTERY COMPANIES THEMSELVES. PRODUCTION BY NON-INTEGRATED FIRMS OF LITHARGE (LEAD OXIDE) AND RELATED LEAD COMPOUNDS (PRIMARILY BATTERY OXIDE AND BLACK OXIDE) HAS REMAINED STABLE AT AROUND 200,000 SHORT TONS PER YEAR. ABOUT 15 PERCENT OF THIS QUANTITY CONSISTS OF SPECIALIZED LEAD COMPOUNDS, AND THE BALANCE COMPETES IN USE WITH IMPORTS OF MEXICAN LITHARGE AND RELATED LEAD COMPOUNDS. NUMBER OF MAJOR CUSTOMERS FOR REMAINING 85 PERCENT OF MERCHANT LITHARGE AND RELATED LEAD OXIDES ARE BUILDING THEIR OWN LEAD OXIDE MANUFACTURING FACILITIES. NON-INTEGRATED SEGMENT OF US LITHARGE AND RELATED LEAD OXIDE INDUSTRY THEREFORE ANTICIPATES SERIOUS SHRINKAGE OF MERCHANT MARKET. IMPORTS ARE OFFERED IN THIS MERCHANT MARKET AND GIVEN UNFAVORABLE MERCHANT MARKET OUTLOOK, INCREASED IMPORTS COULD CAUSE DIFFICULTIES AND LEAD TO COMPLAINTS FROM AFFECTED COMPANIES. ROGERS

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
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**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** LEAD LITHARGE EXPORTS TO US  
**TAGS:** ETRD, EMIN, MX  
**To:** MEXICO  
**Type:** TE  
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